

STANDARDIZATION - THE STRATEGIC OPTIONS OF THE MODERN HOTEL INDUSTRY

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***Abstract:** Strategic positioning of recognizable tourist identity of Serbia is based primarily on the integration of available resources, advantages and benefits. Their networking in a single field of activity greatly facilitates the identification, analysis, selection, comparison, adjustment, modification, expansion and innovation of the single destination attributes. The basic guidelines and specific proposal branding standardization accommodation deals are formulated with respect to the specific position in the Serbian tourist hotel product developments. The development and implementation of standards is becoming a business imperative because it allows faster influence in today's global economy through clear, unique and specific identity. By finding ways to overcome the consequences of transition and turbulent heritage, we provide the basic prerequisites for the creation of market-verified image, as well as the unequivocal recognition of Serbia as an attractive destination of tourism.*

***Key words:** strategy, standard, hotel product, corporate brand*

Strategic Management Standardization

The necessity of common life in all societies inevitably seeks to establish certain norms of behavior, shaping customs and traditions as well as evaluating and measuring the different spheres of human existence. In the nineties, under the auspices of the Institute of American National Standards (IANS), the standardization of a different approach known as strategic management standardization was promoted. Although originally inclined towards internal standardization, it quickly became a highly effective system of achieving the strategic objectives of U.S. companies through corporate brands. IANS defines the strategic management of standardization as a separate discipline of management that is focused on the research of all aspects of standardization within a market or industry entity (Svorcan 2011:48). At the same time, we define, recommend and implement all the policies which can possibly be used to attain available advantages and benefits of standardization in order to achieve a higher level of competitiveness.

Inclination of the largest multinationals towards the global market and their compatibility with the spirals of globalization validate the following

settings on which the strategic management standardization is based (for more details see: Svorcan 2008:11, Ind 1996:49):

- reduce internal standards in the application of external benefit,
- support innovation and creation of standards within the company,
- application and use of standards at the corporate level,
- networking standards through business strategy,
- marketing, sales, control and audit of established standards.

Most authors believe that the standards are the basic comparative size or normal in the evaluation of personnel, assets, operating results or financial performance of a hotel (Svorcan 2011:45). In this sense, we can single out two concepts which complement the definition of standards:

- Unification is a process of equalization (of dimensions, measures, sizes or shapes) and their combination with the primary objective which is to form more products out of a limited number of elements.
- Typology represents an enlarged unification with the main objective to rationally choose some products.

Unification and typology, with standardization, represent processes whose main goal is the removal of systematic differences between individual subjects and concepts that have a unique purpose. Such insight is primarily focused on achieving the overall economy, easier communication in work processes, raising the level of safety, health and environmental protection. Over time, the field of action is extended to the protection of the interests of society and consumers, as well as the elimination of barriers and removing of obstacles (globalization). In most cases, the application of standardization strategies is explained by:

- The need for an effective consumer protection, consumers or end-users regardless of whether it relates to health, safety and economic interests,
- The need to protect the environment,
- The need to create conditions for a stable supply and functioning of markets,
- Ensurance of competitiveness in the global market.

Strategies of standardization can be treated as a highly effective tool and mechanism aimed at developing technological processes and systems, economic relations and overall planning of global markets. In this respect, it is predominantly used as a kind of instrument of rationalization and the introduction of order in a variety of criteria in a number of areas. If we contemplate all these areas, we can see a common denominator in the form of documents that define specific rules, guidelines or characteristics for

activities or results to optimize the level of regulation. Based on the documents, we can formulate (Holjevac 1998:66):

- classic standards that indicate the major determinants of the quality of a certain category of application,
- regulations on the basis of which we determine the basic composition, types, amounts, conditions and processes and sub-processes, packaging, labels, and much more depending on the category of application,
- manufacturer's specifications aimed at material products, their ingredients, processing technology, packaging, distribution, durability, etc.,
- technical norms which are measures of protection and safety during production, storage, transport, storage, or use of the service,
- certificates aimed at confirmation of certain tests, treatments or measurements that have been identified and confirmed by the requirements of valid and authorized institutions at national and international levels,
- warranty obligation certificates which oblige the manufacturers to meet these standards and achieve the anticipated level of quality.

The Standardization Strategy in the Serbian Hospitality Industry

Standardization strategy is frequently used in the operations of U.S. hotel chains and groups. At the same time, standardization is the most recognizable strategy because it involves an emphasized and dominant approach aimed at meeting the needs of corporate brand positioned at the national or international market. Strategy formulation includes the mutual coordination of opportunities and threats in the external environment, internal capabilities and intentions (Đuričin, Janošević, Kaličanin, 2010:310). This means that the hotel chain which is characterized by a strong corporate brand chooses one strategy that enables an optimal relationship between its opportunities and projected goals, on one hand and marketing environment, on the other hand. Implementation of the standardization strategy is analyzed as a kind of specialization because it lowers costs and creates a scale economy in the providing service, research, development, innovation, marketing and distribution.

The global dimension of standardization strategy is analyzed as a unifying offer because it allows providing unique and high-quality services regardless of location. However, its most important effect is the promotion of internationalization and corporate image. By applying these strategies subvarieties, today's corporate hotel brands enabled the leaders of this industry to very successfully establish the limits of global market scale with respect to their availability and accessibility. In the case of localization

strategy of standardization additional adjustments are frequently imposed due to current legislation on a specific market.

There is great disparity in the application of the strategy of standardization which can be compensated by self-initiated adjustments. Leaders of hotel operations operate on different markets simultaneously, but with variable intensity bids and the necessary modification strategies are needed. These types of modifications are based on the cost of providing adequate policies and possible adjustment sets of identity features of a corporate brand within the price competitiveness and acceptability by the target segments (See: Svorcan, Stojanovic, Smiljanic, Sedlarević 2011:36).

At present, in the semy-globalist business system, there are very few successful hoteliers who do not operate in a network. International hotel chains and groups as well as technological, organizational and market-consistent and well-established corporate hospitality, business style and recognizable brands in the domestic and international tourism market, contribute to the diversity of business activity because they differentiate their utility according to the needs of a number of segments. The objectives and advantages of this way of doing business are manifold. It turned out, that everyone entering the national market, as well as Serbian, did not only achieve one goal, or used only one advantage. In practice, there is always a combination of achieving more goals and more benefits.

New business philosophy has led to the standardization and standardized Serbian hotel products. The aim is to transform the old values and benefits into a new excellence. This is why many investors are trying to purchase facilities under best conditions and adapt them into representative hotel-type accommodation. Consequently, the expansion of tourism and hotel management occurred in the areas which were not in this line of work (Svorcan 2011:296). Therefore, from the standpoint of future investments, one should not be surprised by the bold predictions of some authors that the real potential of Serbia for the development of tourism by 2015. is the achievement of almost 20 million overnight stays, with expected revenues of 1.5 billion Euros (VRS 2008:117).

Implementing different types of contractual arrangements, Serbian hoteliers became members of the large, international system. Concentricity of exclusive global corporate brands is expected in the metropolis, due to development of infrastructure, and because of the greater frequency of reviews.



Picture no. 1 - Hotel chains that operate in Serbia
 Source: Idea and realization by the author.

The dominance of the U.S. hotel companies that also hold the primacy in all available comparative lists is obvious. However, they had a variety of impacts on the local hotel industry. Thus, the InterContinental Belgrade was the first to introduce the highest standards, procedures and international standards. Hyatt, on the other hand, trained a large number of quality personnel through their loyalty programs directed primarily toward hoteliers (Svorcan 2011). The incorporation of minimum standards by Best Western hoteliers domicile enabled expansion of supply and acceptance of certain other business combinations. Their experiences point to the necessity of application of strategic management standardization.

The actual implementation depends directly on the degree of adoption, implementation, and operational standards in practice. In the case of the Serbian hotel industry, the following dimensions are considered:

- in terms of quality of hotel product as established,
- from the aspect of the employees in terms of their respect of the work procedures,
- in terms of customer satisfaction as well as alignment and its application.

Aspect of the Hotel Product

Creative industries that owe their expansion to the development information and communication technologies are primarily focused on the end user. Consequently, their value depends on the degree of decoding skills and perceptions of the end-users and, therefore, may or may not be transformed into various financial profits (Hartley 2007:11). The practice, implementation, modification and necessary degree of customization (products, services, processes, sub-processes, forms of organization) through the norms, standards, quality and excellence inevitably leads to new business strategies. They are aimed at hotel guests and integrate concepts of products and services in new ways. One of them may be defined as a concept product.

Although the concept of hotel product is identified with the physical product, it is necessary to make a certain level of distinction to highlight the intangible elements that determine it. The hotel complex is a unique product of tangible and intangible elements for the realization of which an unavoidable presence of guests is required. As such, it entails necessary innovations, improvements and higher business standards via (adapted from: Svorcan 2011:37):

- flexibility to the user, which is caused by his presence;
- individuality of service;
- twofold character of labor;
- simultaneity of production and consumption;
- immaterial hotel services;
- heterogeneity of organizational forms and practices in the delivery of services;
- not being able to determine the unique and unalterable form by which to measure quality;
- the intricate passing of as many tangible and intangible elements;
- inability to storage or resale;
- having such uniformity even in the use of parameters in the field of legal norms;

- indirect presentation through the simultaneous creation and consumption of the product;
- unification and interdependence theory and practice of service processes;
- extremely inelastic hotel offer.

The above characteristics and features of the product or the extent of their participation and specialization demonstrate the level of development of the hotel industry of a specific market. Components themselves can be represented as a single cycle of causal relationships aimed at satisfying the needs and demands of hotel guests. International hotel chains and groups are particularly crystallized standard packages of hotel products and thus provide global market dominance.

Normalization, standardization and harmonization of both quantitative and qualitative indicators that enable objective evaluation of service activities are just a prerequisite for the realization of the hotel product. This has a special dimension when we monitor and analyze the changes in desires and demands of hotel guests. It is an indisputable fact that the future development of the hotel industry is moving towards further specialization and standardization of the hotel offer.

The identity of the hotel product artificially produced and presented to the public is referred to as image. From the aspect of corporate brand image is a constant struggle to build lasting loyalty of end users. Elements of the image are displayed as standardized identifiers (for a more detailed distinction of identity and image, see: Eastman 2004:31). They also represent the most demanding elements of the marketing mix. These elements represent the hotel product identity. It is a unique selling proposition which differentiates the hotel from its competition. When specifying the concept of hotel product image is a key component of convergence of products and services. For it can bind and residual material, the material terms and conditions of the character, location, price, style and manner of service, relationships and behavior of the staff, the environment and the unique experience that is based on customer experience. This is why the hotel product is incorporated in the tourism product as complex numerous, diverse, mutually conditioned and related services. The main determinants are related to space or location and attributes of attractiveness. Thus, the spatial factor is one of the main criteria of hotel products typology and represents the material basis of the tourism product (Bakić 2010:121). In this way, hotel manifests itself as a product of an important component of the tourism product that significantly affects his physiognomy, structure, or quality, or the complete profile. The common denominator is the spatial and temporal

occurrence of unification and implementation services. However, looking at the hotel product through the prism of the tourism product still comes down to a representative of accommodation as the primary determinant of implementation of these concepts. In this way, the standardized services as part of the product appear as a crucial determinant of the entire hotel industry. Clarifying the conceptual definitions and their preconditions are clarifications of the entire business as a unique mix of products and service concepts, which has a number of characteristics, peculiarities and features. Aspect of the hotel product is a separate entity. It is like a corporate brand divisible only for measurable economic parameters, but in the minds of end-users it is a single unit, a personal experience.

Aspect of the Hotel Staff

Hotel practice has proven that the person who sells a standardized service remains a determinant in the minds of guests. This contributes to priority changing. When we consider the concept of the product the buyers are essential, and if we consider the concept of service the employees are the most important (Svorcan 2011). The synergy of these two models allows the growing emergence of these concepts as well as the higher level of business organization. The direction and intensity of these changes can be traced through the consolidation of the hotel industry, or through the creation of a unique hotel product. Hoteliers are trying to achieve standardization process by creating multiple effects aimed at optimizing business processes in the implementation of hotel product.

When we determine the possibilities of the application of standards it is necessary to take into account the high degree of dispersion of business hotel accommodation. The scope of work of employees is very large and covers all areas. On one side, the employees are in direct contact with the devices and equipment subject to constant technological advances, on the other hand the service users, whose needs, demands and expectations also subject to change. All this affects the hotel organization and staff. It also has a decisive influence on the selection and establishment of standards, policies and operation procedures. It is a well known fact that the employees moved from the category of human resource to the human capital of the company (source: Dimitrovski 2010). In such a constellation, their undocumented years of experience and skills, basic knowledge acquired during training are seen as the basis for the creation of intellectual capital. This capital serves as the basis for generating new value through knowledge management. Some corporate brand hotel chains have gone further in developing and implementing knowledge management through the hotel standards. The

attempt to standardize the management of knowledge manifests itself continuously through the superstructure of (adapted from: Cerović Galičić, Ivanovic 2005:335):

- Policies strict behavior as prescribed by hotel management;
- Standard Operating Procedures, which represent established ways of doing business in a certain way.

It is this category of strategic management that is the most important in the hotel industry because it allows the internal, interdepartmental standardization (for more details see: Šandro, Sinčić 2009:124). It is the one that contributes to corporate brand achieves qualitative step forward in the competition. In this sense, we observe the standards related to hotel staff as instruments of the management of knowledge and management of capital. Multiple studies and analysis of case studies show that the hotel's standards and norms simplify work processes and increase the speed and productivity in the provision and delivery of services. In this way we achieve competitiveness and profitability of the whole enterprise market. The implementation phases are (Holjevac 1998:63-76):

- prescribing standards,
- education, training and education of all employees,
- implementation of standards in practice,
- continuous control compliance with established standards and elimination of failures,
- improvement of standards with additional retraining employees.

Guests' appeals and complaints are unique. Despite the professionalism and effectiveness of employee dissatisfaction is inevitable and given. The unknown variable is the cause and the consequence of the technical, service, personal and unexpected observations. Specified classification performance to their solutions and directing attention to possible errors and conflicts. Therefore, it is necessary to apply a methodology while resolving complaints by applying standards of behavior and action, but through specified procedures and rules.

In addition to these roles, the standards of a hotel should allow successful functioning in the intensive-work activities where personnel changes are common and frequent. This prevents the disruption of processes and subprocesses due to recognized practitioners and experts.

Aspect of the Hotel Guests

Basic determinants of modern hotel business are reflected in the assumptions of a successful business through both satisfaction and, if possible, overcoming the expectations of guests. The necessity of recognizing their habits and requirements and timely response combines business models through Relationship Marketing and Customer Relationship Management. Only a holistic approach to the relationship between the supplier and the recipient of hotel services can guarantee the carrying value of new quality and profit. System planning, organizing, developing and maintaining long-term mutually beneficial relationship can be obtained through effective communication. It is necessary to emphasize that hoteliers independently design standards that facilitate communication between the guests and the staff (Cerović Galičić, Ivanovic, 2005:336.).

Their synchronization inevitably leads to the achievement of planned quality. On the other hand, meeting the expectations of guests enables the overcoming of Excellence hotel accommodations. It contributes to the establishment of higher prices of hotel services and insures profits. Practice has proven that the guest is always willing to pay a higher price in order to assure quality. That is why the most important part of successful hotel services is complete dedication (Hayes, Ninemeier, 2005:35). Modern guest prospers every day and in every way more. He is educated, informed, technologically sophisticated and demanding.

Some authors explain the requirements of this monster guests. It is partly reflected in the concept of the modern customer demands (adapted from: Galičić, Ivanovic, 2008:48):

- Claim – requires a lack of tension and trouble, peace, rest, and security (physical, fire pervention, health, sanitation, hygiene);
- Character – by trying to stay in a healthy environment, which has its own character features, characteristics and understanding of its needs;
- Charm – by insisting on experience that will exceed their expectations, especially in the relations between prices paid and obtained values;
- Courtesy – to be treated as a king. This aspect requires the absolute and unequivocal focus, kindness, courtesy, service, politeness and attention;
- Cuisine – is a very nice and detailed in the selection of good restaurants, especially in the attractiveness, diversity, and richness to the globality.

Superstructure above is reflected in the creation of long-term cooperation and retention through programs. Adequate hotel service, met expectations, the values and benefits that exceed the invested funds, as well as contribute to a unique experience that guests choose the same hotel again, which significantly contribute to the sustainable business of the hotel company. One form of standardizing customer satisfaction is a loyalty program. Frequent hotel user model is essentially a marketing strategy because it allows you to establish solid links (Svorcan 2011). Ability to identify, retain and stimulate loyal guests also subject to standardization, unification and typification. Therefore, the Loyalty Programs are mega binding and retention of in-house guests that unites a number of integrated sub-processes and activities in the form of incentives.

In addition, the hotel industry marketing management encounters another parameter, which is exclusively for hotel product. Kotler calls it social or moral quality. Is referred to as a measure of trust that users have for certain types of hotel products. Mostly based on impressions, expectations and descriptive attributes - positive or less positive (Svorcan 2000:46). Ethical essence of hotel quality, regardless of its relativity, implies that each standardized service, and a measure of value that the guest is provided with, must contain an essential element of hospitality morality. Even though, this moral element changes from the place to the place and from epoch to epoch, it exists in the hotel industry like an axiom.

Conclusion

For many years the prevailing opinion in Serbia was that the implementation of strategy of standardization in the hospitality industry stifles creativity, skill, well trained employees and produces organizational and staffing limitations. However, the market value of hotel products of hotel industry leaders in the region proved the necessity of standardization as permanent process. Today, standardization of hotel product is a unique process that has an enormous effect on operations aimed at achieving and overcoming the design quality.

The application of strategic management standardization greatly increases the intellectual capital of the hotel, and facilitates communication is directed towards satisfying requires, desires and expectations of guests on one hand and the development of new products tailored to the growing needs of higher global markets, on the other hand. Numerous market tests prove that the actual level of the hotel's unreserved support expressed through the product of satisfaction, quality, price, excellence and the experience is always in direct proportion to the profit (for more details see: Hellstrand

2010). Application of strategic management standardization reported that quality corporate brand represents the degree of excellence at an acceptable price for eligible expenses. On the other hand, each customer has his/her own evaluation of the obtained values, which is correlated with money, time and energy costs in relation to the offer. Meeting of these interests contributes to creating experiences and satisfaction or overall quality.

The relationship between the expected and actual scale range from dissatisfaction to extraordinary expectations. However, achieving or overcoming expectations does not imply success. It is necessary to achieve unconditional support and loyalty of hotel brands. This is achieved by combining several strategies based on building strong relationships of all participants in the value chain.

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